



Department of Energy
Washington, DC 20585

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BY:.....

MEMORANDUM FOR DAVID KOZLOWSKI
FEDERAL PROJECT DIRECTOR
PORTSMOUTH/PADUCAH PROJECT OFFICE

FROM:

JAMES A. RISPOLI *JARispoli*
ASSISTANT SECRETARY FOR
ENVIRONMENTAL MANAGEMENT

SUBJECT:

Approval of Critical Decision-2 Performance Baseline
for the Cleanup Projects at the Paducah Gaseous
Diffusion Plant

In accordance with the requirements of Department of Energy (DOE) Order 413.3A, Program and Project Management for the Acquisition of Capital Assets, I approve Critical Decision-2 (CD), Performance Baseline for the near-term Fiscal Year (FY) period (FY 2007-2012) for the following projects:

- PA-0013 Solid Waste Stabilization and Disposition-\$97.2M
- PA-0040 Nuclear Facility D&D-\$574.4M

CD-3 is considered approved since these projects were in operation prior to the application of DOE Order 413.3A provisions to these projects. The Out-Year Planning Estimate Range (OPER), FY 2013-2019 for the remaining work is as follows:

- PA-0013 Solid Waste Stabilization and Disposition-\$60-\$70M
- PA-0040 Nuclear Facility D&D-\$970-\$1,060M

It is my expectation that the projects will continue to adhere to the requirements of DOE Order 413.3A, as well as the EM Interim Guidance on Safety in Design or DOE-STD-1189, as appropriate. The Federal Project Director should also assure accurate and current information is being reported in the Integrated Planning, Accountability, and Budgeting System and inform Headquarters on progress and potential risks that may impact the project and regulatory milestones.

This CD-2, approval the independently reviewed and certified budget-constrained scope, schedule and cost near-term execution baseline and the OPER, including documented assumptions and an associated risk management plan. A certified near-term baseline means that it is reasonable that the identified scope could be accomplished for the identified cost in the identified time period if near-term



baseline costs are funded as profiled and contingency funds are provided when and as required, and that this baseline is acceptable as a point from which to control future change. Because of current budget constraints, the certification process recognizes that changes in EM complex and site priorities and funding plans are likely to result in changes to near-term and out-year cost, schedule, and scope.

This CD-2 approval subjects the baseline to configuration control. Cost and schedule performance information from your contractor's Earned Value Management System should be reported against the approved near-term execution baseline in IPABS/PARS and in all future Quarterly Project Reviews.

This decision document is based upon a currently severely constrained budget and anticipates that such constraints will continue. Environmental compliance activities have been given high priority but cannot in all cases be fully funded without jeopardizing other highly critical activities necessary to avoid unreasonable risk to human health and/or national security. It is important that you engage your regulators at any point that you identify compliance issues not previously disclosed to the regulators (e.g., from FY 2008 appropriations, this CD-2 approval, or the FY 2009 President's budget request once it is released on February 4, 2008). Where compliance activities are not fully funded, managers must inform appropriate regulatory authorities to explain the reasons for the problem, explore alternatives, and attempt to resolve the issue.

Changes to the near-term baseline and OPER will be effected through the change control process documented in the approved Project Execution Plan. In addition, you are to use the near-term baseline and OPER as the basis for cost/benefit analyses to inform any future Acquisition Executive-directed baseline changes. Such future changes may be required to comply with applicable environmental legal obligations while maintaining essential functions necessary to protect human health, the environment and national security; reflect funding different from the baseline assumptions; incorporate technological advances; realize specific programmatic risks; or implement programmatic business cases. Prior to approving any baseline changes, the baseline should be independently reviewed and certified in accordance with the EM protocol for cleanup project baselines.

In addition to providing an approved near-term execution baseline, this CD-2 approval establishes the framework from which DOE, regulators, and stakeholders can understand the complex inter-relationship of activities within and among sites' cleanup scope. Therefore, the approved near-term baseline in conjunction with the OPER will also be used as a decision making tool in my out year planning initiative, as the rigorously-defined basis from which we can evaluate implications of various strategic options for completion of Environmental Management's overall mission.

If you have any further questions, please call me at (202) 586-7709 or Mr. J. E. Surash, Deputy Assistant Secretary for Acquisition and Project Management, at (202) 586-6382.